

**CITY OF MUSKEGON**

**DOWNTOWN DEVELOPMENT AUTHORITY (DDA)/**  
**BROWNFIELD DEVELOPMENT AUTHORITY (BRA)**

**SPECIAL MEETING**

**DATE OF MEETING:** **Tuesday, November 24, 2020**

**TIME OF MEETING:** **10:30 A.M.**

**PLACE OF MEETING:** **ZOOM** (Planning Commissioners and presenters) & **Facebook Live**/Phone Number (public) – Facebook page is “City of Muskegon Government.” Call-In phone number for public is (231) 286-7650

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**AGENDA**

- I. Roll Call
- II. Approval of the regular meeting minutes of October 13, 2020
- III. Public comment on agenda items
- IV. Brownfield Redevelopment Authority business
  - A. Infill Housing Project (2<sup>nd</sup> Amendment) (Pete Wills)
- V. Downtown Development Authority business
  - A. DDA Budget (Dave Alexander/Beth Lewis)
  - B. Proposal on Downtown Events (Dave Alexander/Ann Meisch)
  - C. Downtown Report (Dave Alexander)
- VI. Public comment on non-agenda items
- VII. Adjournment

**AMERICAN DISABILITY ACT POLICY FOR ACCESS TO OPEN MEETING OF THE CITY COMMISSION AND ANY OF ITS COMMITTEES OR SUBCOMMITTEES**

The City of Muskegon will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities who want to attend the meeting, 24- hour notice to the City of Muskegon. Individuals with disabilities requiring auxiliary aids or services should contact the City of Muskegon by writing or calling the following: Ann Marie Cummings, City Clerk at 933 Terrace Street, Muskegon, MI 49440 or by calling (231) 724-6705 or TTY/TDD: Dial 7-1-1 and request that representative dial 231-724-6705

CITY OF MUSKEGON  
**DOWNTOWN DEVELOPMENT AUTHORITY (DDA) /**  
**BROWNFIELD REDEVELOPMENT AUTHORITY (BRA)**  
REGULAR MEETING  
MINUTES

**October 13, 2020**

The meeting was held electronically via Zoom. Chairperson M. Bottomley called the meeting to order at 10:30 AM and roll was taken.

MEMBERS PRESENT: M. Bottomley, B. Hastings, J. Riegler, M. Kleaveland, D. Pollock, F. DePung, M. Johnson Sr, S. Black, J. Wallace Jr

MEMBERS ABSENT: J. Moore, excused; H. Sytsema, excused; F. Peterson, D. Kalisz

STAFF PRESENT: P. Wills, Director of Strategic Initiatives; D. Alexander, Downtown Manager; L. Mikesell, Director of Development Services; D. Renkenberger, Administrative Assistant

OTHERS PRESENT: None

APPROVAL OF MINUTES

The meeting date on the September minutes was corrected to September 8, and the attendance was corrected, as some members were listed under both Present and Absent. A motion to approve the corrected regular meeting minutes of September 8, 2020 was made by D. Pollock, supported by B. Hastings and unanimously approved.

BROWNFIELD REDEVELOPMENT AUTHORITY BUSINESS

None

DOWNTOWN DEVELOPMENT AUTHORITY BUSINESS

DDA Financial report. D. Alexander reviewed the financial report. He stated that there was not much additional information since last month, other than office and marketing expenses. Tax increment revenues were not yet included.

A motion to accept the financial statement as presented was made by D. Pollock, supported by M. Johnson and unanimously approved, with M. Bottomley, B. Hastings, J. Riegler, M. Kleaveland, D. Pollock, F. DePung, M. Johnson Sr, and S. Black voting aye.

DDA Semi-annual update D. Alexander explained that the DDA was required to hold two annual informational meetings per year to provide updates on the DDA, its strategic plan and budget. He prepared a PowerPoint presentation, which is appended to the minutes, and answered board members' questions.

M. Bottomley asked what was going on with the WaterMark. D. Alexander stated that the property owner was considering a mixed-use facility and wanted the property added to the marihuana

overlay district. The Knoll factory still had a short term left on their lease. B. Hastings asked what the \$250,000 expenditure for the Mercy Health arena was for. D. Alexander stated that it was a capital improvement for the roof. B. Hastings asked if there had been any discussion among downtown bar and restaurant owners on a heated tent for the winter months. D. Alexander stated that it was still unknown how covid regulations were going to affect business in the winter, but a heated tent would need to be enclosed and social distancing would still apply. No decisions had been made on winter accommodations yet, but Western Avenue was planned to reopen after Halloween to allow for winter plowing, so on-street seating would be unavailable.

J. Wallace arrived.

B. Hastings stated that he had spoken to the City Engineer about using DDA funds for handrails at the downtown splash pad. D. Alexander stated that the \$9,000 allocated in the budget for parks was earmarked for maintenance of the splash pad and the bark park, but he could look into the handrails. F. DePung asked about the Third Street Wharf mentioned in the presentation. P. Wills explained that the city wanted to improve access down the 3<sup>rd</sup> St corridor to the waterfront, and staff had been working with the Mart Dock to develop those concepts. M. Johnson asked about parking for the arena, as the lot at 4<sup>th</sup> and Western was packed during arena events and there were no other nearby parking lots. D. Alexander stated that the large lot on the north side of Shoreline Drive currently being used for convention center construction staging would be available again, once construction was complete. There was also the large lot on Morris Ave near 3<sup>rd</sup> St next to the Hume office building. M. Johnson asked about the status of paid parking. D. Alexander stated that staff would be exploring metered parking downtown at some point, but they didn't want to hurt the businesses that were currently struggling due to covid-related issues.

#### PUBLIC PARTICIPATION

D. Ramos phoned in regarding the tram that he had been operating downtown. He stated that they transported people to the Farmer's Market and to church services at Heritage Landing in addition to the bars and restaurants, and they had had a good response from the public. He looked forward to working with the DDA on future downtown events. D. Alexander thanked Mr. Ramos for operating the tram and stated that he would be in touch.

Ms. Canter phoned in regarding the area of 5<sup>th</sup> St and Western Avenue near Top Shelf. She stated that there was a barrier placed across the accessible curb cut. D. Alexander stated that he would address that with staff and the business owners.

#### OTHER

D. Alexander stated that, at this point, there were no more Zoom meetings expected so the DDA would resume in-person meetings at their next meeting. He would update board members if that information changed.

There being no further business, the meeting was adjourned at 11:50 a.m.

/dr

## Muskegon Brownfield Redevelopment Authority

### Agenda Item IV./A for 11-24-20

#### City of Muskegon Infill Housing Project

#### Brownfield Plan Amendment

**Requesting party:** City of Muskegon

**Outline of the request:** City staff is seeking approval of the Brownfield Redevelopment Authority to amend the Brownfield Plan and add additional eligible parcels to the City's Infill Housing Project (**2<sup>nd</sup> Amendment**).

**Background:** The 2<sup>nd</sup> Amendment adds an additional 13 parcels beyond the 108 parcels adopted in the 1<sup>st</sup> Amendment. The BRA approved the Infill Housing Project (1<sup>st</sup> Amendment) on July 14<sup>th</sup> and the City Commission on July 28<sup>th</sup>.

The following eligible properties will be included:

- 880 First Street (880 First St LLC development)
- 216 W. Clay (880 First St LLC development)
- 208 W. Clay (880 First St LLC development)
- 1095 Third Street (former Catholic Charities property)
- 301 W. Muskegon Ave (former Catholic Charities parking lot)
- 589 McLaughlin (Big Red Developer)
- 559 McLaughlin (Big Red Developer)
- 435 Isabella (Big Red Developer)
- 441 Isabella (Big Red Developer)
- 438 Isabella (Big Red Developer)
- 591 Catherine (Big Red Developer)
- 185 E. Muskegon Ave (former Farmers Market properties)
- 209 E. Walton Ave (former Farmers Market properties)

#### **Staff comments:**

The 2<sup>nd</sup> Amendment includes the following updates from the 1<sup>st</sup> Amendment:

- The redevelopment of **121 total parcels** (1<sup>st</sup> Amendment: 108 parcels), most located in the Nelson and Jackson Hill Neighborhoods. Some of these lots will be split, creating up to **255 subject parcels** (1<sup>st</sup> Amendment: 249 subject parcels). The plan incorporates three types of redevelopment projects; infill housing on vacant City lots (up to 240 units), the rehab of

existing homes (11 detached houses), and two separate mixed-use developments (former Catholic Charities parcels and 880 First St, LLC projects).

Activities include the redevelopment and rehabilitation of subject parcels and construction of new commercial and residential units. The City is currently marketing these downtown properties with the anticipation that private developers will acquire the sites and submit plans for productive redevelopment.

City staff continues to market the former Catholic Charities building as well as the attached parking lot at 301 W. Muskegon Ave. Staff recently presented the 1.16 acre city-owned parcel to Opportunity Zone investors to solicit interest as a possible mixed use commercial/residential opportunity with renovation and new construction components.

City staff has also been working with Ferguson Development in Lansing and Brianna Scott to finalize plans to redevelop the former AmeriBank building at 880 First Street, which was originally constructed in 1923 as Peoples State Bank. Staff has worked closely with the developer's project management team to coordinate extensive testing on the structure, foundation and design of the existing building. Initial development plans, to be complete in 2022, would include adding five additional stories to the existing structure to house over 50 rental apartments in the tower building as well as co-working space for residents who choose to work from their homes. Future phases will include additional apartments as well as a 3-4 story parking garage. The City Commission is expected to consider a purchase and development agreement with the developers which would allow the city to recoup site preparation expenses through the Brownfield TIF. The property was purchased by the city in 2015 for \$150,000 and spent \$350,000 deconstructing it in 2018. The current draft development agreement reflects both the City and Ferguson Development splitting Brownfield TIF reimbursement for their respective eligible costs related to the property.

The 2<sup>nd</sup> Amendment also includes the following updates:

- Developer's Reimbursement Costs: Infill Housing - \$5,877,000; Mixed-use projects - \$1,000,000; Total reimbursement costs - \$6,877,000
- Estimated Total Capital Investment: Infill Housing - \$49,000,000; Home rehab - \$500,000; Mixed Use developments: \$26,000,000; Total Estimated Capital Investment - \$75,000,000
- The Plan anticipates eligible activities, paid through future capture of tax increments, to include \$4,880,000 for cost of sale/seller concessions; \$1,200,000 for demolition and potential costs of abatement; \$777,000 to construct public infrastructure at the former farmers market; \$20,000 for brownfield plan preparation and development; a 15% plan contingency fee of \$1,031,550; and which reflects total eligible activities to be paid under this plan at \$7,908,550.
- The Authority intends to enter into Development & Reimbursement Agreements with future property owners/developers of properties included in the Plan to reimburse them for costs of eligible activities.

- The duration of this Plan is not to exceed 30 years and complete recapture of eligible costs through tax increment revenue are expected to occur within this period. Estimated completion of all homes associated with this Project will be completed by 2023.
- The plan contemplates continued five-year capture of tax increments for a local Brownfield Revolving Loan Fund if there is time left in the 30-year plan after eligible costs are covered.

**Staff recommendation:** City staff has prepared this Infill Housing Project (2<sup>nd</sup> Amendment) Brownfield Plan Amendment and recommends approval.

**Suggested motion(s):**

I move to approve/disapprove the resolution for the Brownfield Plan Amendment for the city's Infill House Project (2<sup>nd</sup> Amendment), to request a public hearing before the Muskegon City Commission, and to have the City Commission consider adoption of the Plan.

**City of Muskegon  
Brownfield Redevelopment Authority  
County of Muskegon, State of Michigan**

**RESOLUTION APPROVING REVISED BROWNFIELD PLAN AMENDMENT**

**City of Muskegon Infill Housing Project**

Minutes of a regular meeting of the Board of the City of Muskegon Brownfield Redevelopment Authority, County of Muskegon, State of Michigan, held on the 24th day of November 2020, at 10:30 a.m., prevailing Eastern Time.

PRESENT: Members \_\_\_\_\_

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ABSENT: Members \_\_\_\_\_

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

WHEREAS, a Brownfield Plan has been adopted pursuant to Act 381, Public Acts of Michigan, 1996, as amended ("Act 381"), a copy of which is on file with the Secretary of the City of Muskegon Brownfield Redevelopment Authority (the "Authority"); and

WHEREAS, the Authority is authorized to approve amendments to the Brownfield Plan and recommends the Amendment to add eligible properties within the City of Muskegon Infill Housing Project for approval to the City of Muskegon, County of Muskegon, State of Michigan (the "City").

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Approval of Brownfield Plan. The Board hereby adopts and approves the Brownfield Plan Amendment for the City of Muskegon Infill Housing Project (2<sup>nd</sup> Amendment), and recommends the approval of the Brownfield Plan Amendments by the Muskegon City Commission.

2. Public Hearing. The Board hereby requests city personnel to provide a notice of Public Hearing on the proposed Brownfield Plan Amendments, and further requests that such hearing notice be provided to all taxing jurisdictions. Notice of the time and place of the hearing shall be given pursuant to Act 267, Public Acts of Michigan, 1976, as amended (“Open Meetings Act”).

3. Deliver Resolution and Brownfield Plan to City. The Chair of the Authority is directed to deliver a certified copy of this resolution and the Brownfield Plan Amendments to the City Clerk.

4. Disclaimer. By adoption of this resolution and approval of the Brownfield Plan Amendments, the Authority assumes no obligation or liability to the owner, developer or lessor of the Eligible Property for any loss or damage that may result to such persons from the adoption of this resolution and Brownfield Plan Amendments.

5. Work Plan Transmittal. The Chair of the Authority shall be authorized to transmit to the Michigan Strategic Fund, the Michigan Economic Development Corporation and/or the Michigan Department of Environmental Quality, on behalf of the Authority, a final Act 381 Work Plan that has been reviewed and approved by the Authority.

6. Repealer. All resolutions and parts of resolution in conflict with the provisions of this resolution are hereby repealed or amended to the extent of such conflict.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

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Martha Bottomley, Chair  
City of Muskegon Brownfield Redevelopment Authority



I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of the City of Muskegon Brownfield Redevelopment Authority, County of Muskegon, State of Michigan, at a regular meeting held on November 24<sup>th</sup>, 2020, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

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Martha Bottomley, Chair  
City of Muskegon Brownfield Redevelopment Authority

## DDA BUDGET WORKSHEET FOR FY 2020-21

Revenues	FY2018-19 ACTUAL	FY 2019-20 -ACTUAL	FY2020-21 BUDGET	FY2020-21 ACTUAL OCTOBER 31, 2020
Tax Increment (5%+ annual)*	\$ 1,069,486.00	\$ 924,457.00	\$ 489,958.00	\$ -
Reimbursement - State		\$ -	\$ -	\$ -
Trans From General Fund		\$ -	\$ -	\$ -
Interest Income	\$ 521.63	\$ 263.00	\$ 100.00	\$ -
Fundraising Revenue		\$ 2,000.00		\$ -
BID Income (or \$50,000 levy)**		\$ 132,432.45	\$ 110,000.00	\$ 50,000.00
TIFA		\$ -	\$ -	\$ -
Former Mall Brownfield Income (GF)		\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,070,007.63</b>	<b>\$ 1,059,152.45</b>	<b>\$ 600,058.00</b>	<b>\$ 50,000.00</b>

Expenses	FY2018-19 ACTUAL	FY 2019-20	FY 2020-21	FY 2020-21
Business Dev. Manager Wages		\$ 71,924.00	\$ 98,800.00	\$ 30,780.47
Trans to GF - Marketing, Events, Overhead		\$ -	\$ -	\$ -
FICA (7.65%)		\$ 5,457.00	\$ -	\$ -
Workers Comp (2%)		\$ 394.00	\$ -	\$ -
Insurance		\$ 1,728.00	\$ -	\$ -
Residency Bonus (4%)		\$ -	\$ -	\$ -
Life Insurance (0.24%)		\$ 269.00	\$ -	\$ -
401(k) (6%)		\$ 7,853.00	\$ -	\$ -
<b>Total Salaries/Benefits</b>		<b>\$ 87,625.00</b>	<b>\$ 98,800.00</b>	<b>\$ 30,780.47</b>
Walkability Improvements		\$ -	\$ -	\$ -
Streetscape/Wayfinding / Walkability***		\$ -	\$ -	\$ -
Public Art (Downtown Initiative)		\$ -	\$ -	\$ -
Landscaping		\$ 50,000.00	\$ -	\$ -
Snow Removal		\$ 62,629.00	\$ -	\$ -
Façade Program		\$ -	\$ -	\$ -
Financial Incentives		\$ -	\$ -	\$ -
Downtown Park(s)****		\$ 5,759.00	\$ -	\$ 3,241.42
Marketing/Publications	\$ 5,000.00	\$ -	\$ -	\$ 5,492.50
Blight		\$ -	\$ -	\$ -
Office Space and Misc Operating	\$ 5,930.11	\$ 17,005.00	\$ -	\$ 2,334.80
<b>Total Recurring Costs</b>	<b>\$ 10,930.11</b>	<b>\$ 135,393.00</b>	<b>\$ 151,500.00</b>	<b>\$ 11,068.72</b>
LC Walker Phase 1	\$ 750,000.00	\$ -	\$ -	\$ -
LC Walker Phase 1a*****	\$ 250,000.00	\$ -	\$ -	\$ -
Morris Street Lot		\$ 20,000.00	\$ -	\$ -
Event Contributions		\$ -	\$ -	\$ -
<b>Projects and Events</b>	<b>\$ 1,000,000.00</b>	<b>\$ 20,000.00</b>	<b>\$ -</b>	<b>\$ -</b>
County Debt Payments (\$1M)*****		\$ 865,928.00	\$ 134,073.00	\$ -
LC Walker HVAC/Roof (5 Year)*****		\$ -	\$ 215,000.00	\$ -
Other Debt Payments (smartzone)		\$ -	\$ -	\$ -
<b>Total Debt Payments</b>		<b>\$ 865,928.00</b>	<b>\$ 349,073.00</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 1,010,930.11</b>	<b>\$ 1,108,946.00</b>	<b>\$ 599,373.00</b>	<b>\$ 41,849.19</b>

<b>Net Rev/Expenses</b>	<b>\$ 59,077.52</b>	<b>\$ (49,793.55)</b>	<b>\$ 685.00</b>	<b>\$ 8,150.81</b>
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<b>Cumulative Cash Reserves</b>	<b>\$ 59,077.52</b>	<b>\$ (41,492.23)</b>	<b>\$ (40,807.23)</b>	<b>\$ (32,656.42)</b>
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\*Significant Reduction in Tax Increment Planned in Year 10 Due to Transition to "Local Only" TIF

\*\*Anticipates Increased BID Investment - Focus on Western and Third Streets (BID Board Would Ultimately Decide)

\*\*\*Assumes 3rd Street Project in 2018-19 and Clay Ave Streetlighting in 2019-20

\*\*\*\*Assumes DDA Maintains Splash Pad and Dog Park, and Develops a Playground Area in FY 2020-21

\*\*\*\*\*Anticipates an additional \$250,000 to complete Phase 1 of LC Walker (Restrooms)

\*\*\*\*\*Assumes 10-year debt repayment to Muskegon County

\*\*\*\*\*Assumes 10-year debt contribution at \$215,000/yr for 10 years related to new roofing, dehumidification, and boiler at LC

## Muskegon Downtown Development Authority

### Agenda item V./B for 11-24-20

#### Proposal for Downtown Events

**Requesting party:** City staff and the Lakeshore Art Festival board

**Outline of request:** For the City of Muskegon to organize and produce large scale events, it has been determined that such functions should not be handled in the city's General Fund. Instead, the DDA is being requested to take on the financial function of events such as the Lakeshore Art Festival and Taste of Muskegon. The DDA would become the fiduciary taking on the financial risk and reward for city-led festivals and events in the downtown.

**Background:** At a Muskegon City Commission work session on Nov. 9, City Clerk Ann Meisch outlined a proposal from her office's event team for the city to take over the Lakeshore Art Festival. The proposal was from the LAF event committee and event director Carla Flanders for city to produce the LAF in a similar manner it has Taste of Muskegon. It was received favorably by city commissioners. The LAF has a long and successful history in downtown Muskegon beginning decades ago by the Seaway Festival and being run by Summer Celebration until being taken over most recently by the Muskegon Lakeshore Chamber of Commerce with Carla as director. Carla and her committee have grown the festival into one of the most successful and highly ranked small-town art festivals in the nation. LAF in past years has drawn 60,000 people to downtown Muskegon and netted as much as \$100,000 a year. However, like every event in downtown Muskegon in 2020, the two-day LAF was cancelled last July. With staff reductions and redirection of mission due to COVID-19, the chamber is no longer able to produce the LAF. Carla has left her employment with the chamber and restarted her marketing and events consulting company.

**Staff comments:** Due to the experience of the city's 150<sup>th</sup> celebration event in 2019, city staff and commissioners have rethought city General Fund participation in large-scale events. The uncertainty of weather-dependent events needing upfront money that is at risk until revenues from the event are generated is not a good fit for the city's General Fund, according to the city attorney. However, city commissioners are adamant that LAF continue for its economic impact and overall promotion of downtown Muskegon. The City Commission and city staff feel that the DDA is best suited to keep the MAF and other major events such as Taste of Muskegon continuing. DDA's across the state have historically produced events to promote and market their districts. State law says as a board you may: "Create, operate, and fund marketing initiatives that benefit only retail and general marketing of the downtown district." As of February 2019, the DDA mission states: "Our mission is to allocate our resources

in support of development, promotions, and events toward creating a thriving downtown and its waterfront where all people can live, work, play and stay.”

The DDA board is being asked to allow the finances of the LAF to be taken over by the DDA. As fiduciary, the DDA will assume the risk and reward of the event. The 2021 LAF budget shows about \$175,000 in expenditures. Some of that will need to be funded upfront in the first half of 2021 and likewise in subsequent years. The DDA budget for FY 2020-21 does not have the funds to carry the festival until event revenues are generated. Thus, city staff recommends that the DDA accept monthly loans from surplus funds from a city fund to pay LAF expenses. As revenues are generated from vendor fees and sponsorships, the amount of those loans will decrease through the first half of the year. The risk with COVID is having expenditures and then having a complete cancellation due to public health restrictions on outdoor events next June. However, Carla and the clerk’s events team have every intention of at least breaking even on the event for 2021. With event revenues, the city’s loans will be repaid. Beyond 2021, Carla and the clerk’s event team have every expectation that the event will generate surpluses that will be left for the DDA to spend in the district as to its mission.

The clerk’s event team and DDA Manager Dave Alexander will work with the existing LAF volunteer organization under the direction of Carla Flanders to produce the event. Carla will have a personal services contract with the clerk’s office to direct and produce the LAF.

As for Taste of Muskegon, the DDA will be asked to enter a similar arrangement with the city clerk’s event team but those details for 2021 are still being developed.

The DDA will want to at least cover its risk for the 2021 events with the potential of no COVID restrictions in 2022 and re-evaluate its support of the events after that festival season.

**Staff recommendation:** City staff recommends that the DDA become the fiduciary for the Lakeshore Art Festival and Taste of Muskegon with Muskegon City Clerk’s Office’s events team working with volunteer organizations to produce the events. The DDA manager will join both volunteer event boards as a DDA liaison.

**Suggested motion:** I move that the Muskegon Downtown Development Authority accept the fiduciary responsibility of producing the Muskegon Lakeshore Art Festival and Taste of Muskegon to be organized through the Muskegon City Clerk’s Office and direct the DDA manager to provide regular updates to the DDA board on both events. For LAF, I move the DDA board accepts monthly loans from surplus city funds as needed not to exceed a total of \$25,000 with event revenues paying back those loans. For Taste of Muskegon, I move the DDA directs its manager to provide the DDA board event details for further action. The DDA support of such events will be re-evaluated after the 2022 season.



## Memo

**To:** Dave Alexander and DDA Members

**From:** Ann Meisch, City Clerk

**CC:** Beth Lewis, Finance Director

The Lakeshore Chamber of Commerce approached the City of Muskegon requesting the City take over the Lakeshore Art Festival due to their lack of staffing and resources.

Under Governmental rules, the City cannot expend any expenses for an event from its general fund. Because the Lakeshore Art Festival and Muskegon's Taste of Muskegon benefit primarily the downtown businesses, we are requesting the Downtown Development Authority become the fiduciary of both festivals.

The Lakeshore Art Festival has historically always made money – up to \$100,000. We are being realistic that the art festival will look very different this year if it can happen and finances are an unknown. It is possible that we may have expenses and have no festival in 2021. But we do know the festival does generate a profit and even though 2021 could lose money, there is a good possibility the event will continue to grow going forward. Those profits can be used by the DDA in any way they see fit for the downtown. This is a great opportunity for the DDA and we know the Art Festival is in the top 30 in the USA and our businesses want the art festival to continue.

Staff met with Carla Flanders who has operated the festival for many years and requested a proposal. The proposal is a contract from November 16, 2020 through September 1, 2021. Total cost of the agreement is \$29,000 plus 10% of any profit the festival might make. The agreement is broken down into 10 monthly payments of \$2,900 each. If it is decided the event could not continue because of COVID, we would not be obligated for future payments. There is advertising expenses that need to be paid for early in the process as well as software expenses for vendors.

Taste of Muskegon is our second event that historically always makes a profit. Those profits are given to the Muskegon Farmers Market that runs in a deficit. We would ask those profits continue to go towards the Farmers Market. Profits range from \$10,000 to \$30,000.

Deposits for bands and activities were paid in 2020 and we were able to transfer them to 2021. Besides sponsorships, most revenue is not received until the event occurs. There are few if any

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expenses that need to be paid at this time for the event. Additionally we should know for certain if the event is going to happen before we occur any expenses of significance.